

New Bottom-Up Approaches to Enhance Public Real/Estate Property

Alessia Mangialardo and Ezio Micelli

Abstract The economic enhancement of public real/estate property has become a central theme in Italy. In recent years, public policies have been focusing on the supply-side of the real estate market, assuming that investors and developers could handle the value creation process of the abandoned and underused public real/estate property. More recently, with the decline of the investors' demand to develop public real-estate assets, new approaches to property-value creation have emerged. These new processes are focused on the demand side, through self-organized grass-roots participation using the assets for profit and not-for-profit purposes. The aim of the paper is to pinpoint some crucial conditions for these bottom-up processes to be effective through the analysis of fifteen bottom-up experiences in Italy. Five conditions emerged to reliably predict a fruitful outcome of bottom-up value-creation processes of abandoned or underused public assets.

Keywords Real estate valorisation · Urban reuse · Public real estate property · Temporary use · Grass-roots participation

A. Mangialardo (✉)
Dipartimento di Ingegneria Civile, Edile e Ambientale,
Università di Padova, Via Venezia 1, 35100 Padua, Italy
e-mail: alessia.mangialardo@dicea.unipd.it

E. Micelli
Dipartimento di Architettura Costruzione e Conservazione,
Università IUAV di Venezia, Dorsoduro 2206, 30123 Venice, Italy
e-mail: ezio.micelli@iuav.it

1 Introduction

For many years, the issues related to the enhancement of public properties have been at the center of an important national debate involving the central administration and local authorities.¹ The subject has focused on the policies capable of increasing both the economic and financial value of public real-estate properties, working primarily on the supply-side of the market. All the instruments set by the legislation assumed a real estate market demand willing to buy abandoned or underused assets and ready to invest in refurbishments.

These expectations failed when the conspicuous debt crisis spread, due to the collapse of the global economy, also generating ample trouble within many municipalities. These economic conditions deeply changed the real estate market: the demand for assets to transform decreased to a great extent and innumerable real-estate developments stalled (Antoniucci and Marella 2014; Fabrizi et al. 2015; ANCE 2015).

As a response to the ineffective valorization procedures promoted by the administrations, new approaches have been recently developed both in Italy and abroad (Inti 2011; Inti and Inguaggiato 2011). New demand is growing through self-organized participation of the local community, starting from the initiative of the citizenry. The new users of the abandoned public assets are no longer private investors, but groups interested in a large variety of activities. Cultural initiatives, profit and not-for-profit enterprises and social aggregation are the new key elements for alternative processes to enhance public real-estate property (Andres 2013).

The many positive experiences noticed in international and national contexts demonstrate that active participation of the citizenry in urban policies is significantly growing. Many abandoned areas were regenerated from the grass-roots participation transforming underused and abandoned public assets, with retrofit interventions enabling new functions (Campagnoli 2015; Finan 2014).

The aim of this research consists in analyzing the conditions in order to predict a fruitful outcome of the enhancement processes of the public real-estate property promoted by self-organized groups and communities. The research is structured into three parts. The first one presents the main features of bottom-up enhancement processes of public real-estate property. The second one shows the results of an empirical research on some relevant experiences in enhancing public properties based on grass-roots participation. Finally, in the third part, we interpret and highlight the conditions for bottom-up processes to be successful.

¹The value of Italian public real-estate property managed by the State Property Office and by all local authorities is about 60 billion euros. On 31 July 2015, a census of over 47,000 assets was conducted. Their value is respectively 54.1 and 4.78 billion. For the detailed list of these properties divided by province, we refer to the State Property Office database that can be consulted at the following website: <http://www.agenziademanio.it/opencms/it/notizia/Parte-operazione-open-data-online-i-dati-sul-patrimonio-immobiliare-dello-Stato/>. The economic value of the disposable asset is about 9.130 billion euros for the buildings and 10.000 billion euros for the properties. For the complete list, we refer to the following website: <http://dati.agenziademanio.it/#/consistenzae valore>.

2 A Demand-Side Approach to Value Generation for Abandoned or Underused Public Real-Estate Property

For a long time, the national debate on the economic enhancement of the public real-estate property has been focusing on the supply side, assuming that it was necessary to simplify administrative constraints in order to create value and allowing investors and developers the flexibility they needed to find the highest and best use of the assets. Therefore, public policies were focused on simplifying patrimonial and urban-planning procedures in order to meet the private sector's requests (Agenzia del Demanio 2015; Camagni et al. 2014; Fusco Girard 2011).

The downturn of the real estate market dramatically weakened the demand for the real estate assets destined for development, with the consequence of having a large amount of stalled real-estate operations and forcing administrations to reconsider policies on this matter (ANCE 2015).

International and national experiences point out that the solution can be found on the demand side. In particular, self-organized groups appear to be capable to regenerate abandoned or underused assets with an effective bottom-up value-creation process as an alternative to the current supply-side based public procedures (Andersson 2009; Andres 2013; Colomb 2012; Inti 2011; Inti et al. 2014; Németh and Langhorst 2014; Van Stein 2010).

The grass-roots participation has proven to be able to create value on the assets where the traditional public procedure failed, thus representing the response to countless initiatives launched by public authorities—for example, technical instruments adopted ad hoc, bidden auction or valorisation concessions—that did not encountered a positive market response.

In Italy, public policies have recently changed perspective. Following international cases, the government approved the clauses 24 and 26 of the so-called “Sblocca Italia” law. In these clauses, grass-roots participation was included to develop and manage the abandoned public real-estate assets, according to the priorities stated by the municipalities involved. The decree is not compulsory for local authorities: municipalities are free to promote or not bottom-up processes. Nevertheless, with such a law, traditional supply-side legislation is integrated with support for local authorities interested in new approaches for creating value on public real-estate assets through a specific class of new commons (Arena and Iaione 2012; Moroni 2015).

A flexible community, based on the associations (Branca 2011) or self-organized clusters (Finan 2014), promotes these social and economic processes. They employ the abandoned assets as a container of new functions in various domains: profit and non-profit entrepreneurial activities, artists' ateliers, start-ups, and places for creative industries. Through social innovation, bottom-up valorization processes have become a different response to traditional public policies.

In spite of the top-down approach of traditional public policies, based on the support of professional operators and specialized investors, these reuse

interventions are generated by the initiative of an unqualified (at least in the real estate or construction industry) community with common purposes. The final users of the buildings create value along the way, without a prior well-established planning activity (Crosta 2011).

These initiatives also intercept the debate over temporary uses, considered as an intermediate step in the research of new permanent functions. More precisely, temporary uses can be useful to disclose new potential uses for the assets revealing hidden options and functions (Inti 2011; Inti et al. 2014; Rietveld Landscape 2010; Studio Urban Catalyst 2003).

The bottom-up valorization processes have radically changed the administrative procedures for the enhancement of public real-estate assets, favoring alternative economies through social cooperation and connections. Through the analysis of some relevant Italian experiences, it is possible to highlight the feasibility conditions of these processes in order to predict their successful outcome.

3 A Dataset of Bottom-Up Experiences

The regeneration experiences promoted by the grass-roots participation and self-organized processes to enhance public real-estate assets are relevant in number and quality. In more and more Italian cities, the citizenry supports valorization operations that revitalize abandoned properties. These initiatives often take place with the cooperation of the public authority, interested in the promotion of new urban functions with high potential cultural and social impact (Louekary 2006).

The aim of the research is to analyze the determinants of these bottom-up valorization processes, taking into account the most significant Italian bottom-up experiences. Fifteen case studies were examined. They were selected by their relevance, solidity, and the duration of the regeneration process. All the information was collected through systematic interviews, desk research, or fieldwork.

The following features of the case studies were considered: geographic position at the regional level, city size, the location of the building at different levels of centrality and accessibility, the architectural typology of the assets, their physical dimensions, their functions, the financing mechanism used to renovate the asset, and the contractual aspects of the owner/tenant relation.²

²The case studies are the following: “Mercato Metropolitan” and “Fabbrica del Vapore” in Milan, “Ex Distretto Militare Curtatone e Montanara” in Pisa, “Sale Docks” in Venice, “Progetto Nova Cantieri Creativi” in Santo Stefano di Magra, “Teatro Sociale Gualtieri” and “Spazio Grisù” in Ferrara, “Casa Bossi” in Novara, “Mercato Sonoro” in Bologna, “Sede Associazione Luna” in Genoa, “Centro Culturale Zo” in Catania, “Via Nola 5” in Rome, “Ex Stazione di Porto Empedocle” in Agrigento, “Ex asilo Filangeri” in Naples, “Ex caserma del Fante” in Livorno. Authors are available to share the data they did not present in the published paper due to length limits set by the editors.

The geographic position describes the regional location of the assets. To simplify the results, regions have been classified into three macro-areas: north, center and south. Cities have been classified by size: large cities (more than 50,000 inhabitants) or small cities (less than 50,000 inhabitants). Assets have been classified according to their level of accessibility: central, semi-central, or suburban position. The architectural typology indicates the previous function of the building, e.g., industrial building, barrack, theater or school. The dimensions estimate the surface of the asset: small size (less than 5000 m²), medium size (between 5000 and 20,000 m²), and large size (more than 20,000 m²). The financing variable points out if the intervention in the building was self-financed or supported by other funding sources (e.g., public funding, cultural foundations) or both. Finally, the contractual variable indicates the legal solution adopted by the owner and the tenants to regenerate the asset.

All data have been re-elaborated by transforming qualitative data into quantitative data. When analyzing the basic statistics of the variables (Table 1), the dataset highlights significant patterns with relevant similarities.

These similarities reveal that these mechanisms do not operate equally over the various national areas: they need some conditions for a positive outcome. The majority (66.7%) of the case studies take place in the north of Italy, followed by the south of Italy (20%), and the center (13.3%). The value-creation processes involve almost always cities of medium or large size; the cases of Gualtieri³ and Santo Stefano di Magra⁴ are small cities but they are adjacent to larger ones. The majority of buildings are located in the city center, and there are no bottom-up experiences in the suburbs of cities. The architectural typology is quite varied: industrial buildings, barracks, theaters, schools, and covered markets. The dimensions of the buildings vary, but 60% of the assets present small dimensions (less than 5000 m²), followed by medium size and large size. Another important feature coming from the analysis concerns the function of the assets: the totality includes—at least in a part of the building—the presence of cultural uses.

4 Five Condition for Bottom-Up Processes to Be Successful

The analysis highlights some conditions serving as predictors of many successful bottom-up public property valorizations. The research pinpoints five features that need accurate consideration.

Bottom-up self-organized property enhancements take place in large cities, where human and social capital are prevalent (Sdino and Castagnino 2014;

³To examine the case study, please refer to the official website: <http://www.teatosocialegualtieri.it/>.

⁴For more information, see the official website of the association NOVA—Nuovo opificio Vaccari per le Arti: <http://www.progettonova.it/nova-cantieri-creativi/>.

Table 1 Frequencies of the characteristics considered (compiled by the authors)

North 66.7%	Big cities 86.7%	Center 93.3%	Small 60%	Cultural center 100%	External financing 6.7%	Loan for free use 46.7%
Center 13.3%	Small cities 13.3%	Middle centre 6.7%	Medium 26.7%		Self-financing 66.6%	No contractual formula 13.3%
South 20%		Suburbs 0%	Big 13.3%		Both 26.7%	Rent regulated 40%
		Extra urban 0%				

Putnam et al. 1993). The existence of a large and diversified community with an important civic sense and participative approaches represents a requirement for successful initiatives. Bottom-up processes need imagination, creativity, and innovation. These can only be expressed by an involved community, actively interested in local development.

In the presence of a strong social capital, self-organized processes may emerge even without administrative approval. In Italy, once the phenomenon had sprung up, many municipalities understood the great potential of grass-roots participation, drawing up specific guidelines for transforming real estate assets into commons.⁵

Nevertheless, a very different administrative approach can take place. In Pisa, citizens grouped in the association “Municipio dei beni comuni”⁶ to reconvert abandoned public real-estate properties, with the aim to give them back to the local community for social and cultural purposes. Initially, the association squatted an old factory, successfully transformed into a laboratory for a large variety of cultural activities. The administration expelled the association from the occupied building, and so it moved into the formerly military district Curtatone and Montanara, against the will of the municipality. On the other hand, other municipalities—like the city of Bologna—have accepted these social and economic dynamics, transforming public properties into opportunities for self-organized associations demanding space for their projects and activities.

The second condition concerns the asset location. Self-organized bottom-up initiatives take place in the center of the cities where the interaction of competencies and knowledge are richer and where services and infrastructures are more significant. A city center is an ideal place because people have better opportunities to express themselves thanks to the vitality of different cultures and lifestyles (Drake 2003).

⁵So far, 153 Italian municipalities have drafted guidelines for commons, prescribing procedures and programs for the beginning of bottom-up processes. To check the updated list of municipalities that have promoted this document, please refer to this website: <http://www.labsus.org/2015/04/i-comuni-de-regolamento-per-i-beni-comuni-di-labsus/>.

⁶To examine the history of the association in depth, please refer to the official website of the association: <http://www.rebeldia.net/>.

The heritage of cities and territories is another relevant element related to bottom-up valorization processes. The center of the city possesses plenty of historical and artistic values. The Bossi house in Novara, “the most beautiful neoclassical building in Italy”, represents a good example of such operations in the city center.⁷ The Bossi house is a residential building, designed by the famous architect Alessandro Antonelli, with great historical and artistic value and a strategic position in the city center. In spite of its architectural value, the building was falling into disintegration. An association of Novara citizens engaged to save and to regenerate the site through direct involvement. In synergy with the municipality, they created a specific committee with the aim of pursuing the building’s conservation and valorization. Through grass-roots participation and some external private funding, the building has now become a cultural center well-known at the national level.

The third point refers to the asset typology. The enhanced abandoned assets present such typical features as a limited dimension, a rather flexible plant, and an acceptable maintenance condition. The activities that take place in the buildings are often unpredictable and change over time. Furthermore, associations and groups can rely on limited financial and economic resources. For these reasons, users prefer sites in an acceptable state of conservation, not demanding too many resources to be refurbished, as well as flexibility to accommodate evolving projects and initiatives. Military barracks, old abandoned factories, and similar assets, in addition, enhance the typicality of the location (Drake 2003).

In Ferrara, grass-roots participation occupied and refurbished the fire-fighters’ barracks. The plant features, typical for such a typology, were a problem for real estate developers, but turned out to be an opportunity for the cultural and entrepreneurial initiatives co-ordinated by the association Spazio Grisù that occupied the site.⁸

The fourth aspect refers to the presence of a sole administrator, appointed to manage the regeneration process, curating and coordinating the mix of the activities. Often this co-ordinator is represented by an association, with the task of assisting and coordinating the activities, providing the process with a common and unified perspective. The curator also facilitates the dialogue between local authorities (owner of the building and regulator) and the users and, finally, takes responsibility for everything happening at the site.

The curator of a creative space has to provide the conditions for the coexistence of various activities. He also has to lead the regeneration of the abandoned asset through time and through the evolution of the activities involved.

The cultural center Zo in Catania⁹ is a relevant example of a successful initiative launched by a group of people that, at the beginning of the 1990s, decided to move

⁷It is one of the best examples of neoclassical architecture in Italy, designed by one of the most famous architects of that period. To examine in depth this case study, visit the following website: <http://www.casabossinovara.com/portfolio/costantino-peroni-a-casa-bossi/>.

⁸To learn more about the valorization process of Spazio Grisù, see the association official website: <http://spaziogrisu.org/>.

⁹To examine the dynamics of the valorization process of the cultural center Zo in Catania, see the official website: <http://www.zoculture.it/>.

back from abroad into their hometown. The aim of the project was to bring back culture and entrepreneurial innovation into a place lacking these immaterial assets. After negotiating with the local administration, the group obtained an old sulphur factory in Catania city center with a free lease. Today, the project promoters coordinate events, festivals, and commercial activities.

The success of the self-organized regeneration process relies on clear rules: the leading association curates the concept of the project, selects compatible functions capable of synergies, and mediates with the local authorities, thus providing a unique counterpart for the asset owner.

Finally, the fifth point refers to contractual conditions. Self-organized processes may start with illegal occupations of building and areas. Administrations may be either tolerant or strict in their attitudes. Independently of modalities that the reuse process has begun, in most cases local administrations juridically recognise the occupants by transforming them into temporary or stable tenants of the site.

In the majority of the case studies analyzed, the temporary loan for free use (*comodato d'uso gratuito*) represents the contractual frame that local authorities adopted, because it is flexible and advantageous for both landlord and tenants. On one hand, it permits the administration to easily withdraw from the agreement in case of need, i.e., an investor decides to develop the site. On the other hand, tenants have limited investments to carry out in refurbishing the asset and, if the entrepreneurial activities taking place fail, they can leave the site without sustaining any associated economic and financial burden, not paying anything for this option to abandon (D'Alpaos and Marella 2014).

In some cases, the local powers directly promote the occupation of the abandoned sites requesting projects and ideas, afterwards providing the juridical framework through the temporary or short-term lease and eventually some financial support. In the Puglia region, the program "Boiling Spirit"¹⁰ incentivizes young citizens to launch initiatives in abandoned public real-estate property, making specific funds available to support the emerging local creative industry.

5 Conclusions

The bottom-up valorization processes for public real-estate property are a demonstration of the existence of alternative procedures effectively contributing to urban regeneration and to value creation in the public real-estate domain. The large number of stalled initiatives to regenerate abandoned or underused assets make clear that top-down procedures do not prove to be effective and new approaches, radically discontinuous, may contribute to public real-estate properties enhancement.

¹⁰Active since 2008, the project "Laboratori Urbani" has hitherto restored more than 100,000 m² of public real-estate property transformed into commons for young entrepreneurial citizens, with more than 54 billion euros of financial support.

The case studies analyzed in this research represent a fraction of the public real-estate assets regenerated through grass-roots participation with an important value creation effect. The research points out that these processes normally take place when some conditions subsist allowing a reliable prediction about the fruitful outcome of bottom-up valorization processes.

Bottom-up valorization processes take place in large cities, where significant human and social capital are largely available. They also happen in the center of the city, where the supply of such intangible assets is present to the highest degree. The regenerated assets feature relatively limited sizes, acceptable maintenance conditions, and a flexible plant open to changing uses and functions. The presence of a sole curator, appointed to manage and co-ordinate the interaction between the activities developed in the site and the relation with the local authorities, is likewise a relevant predictor for the outcome of the process. Finally, free short-term leases appear to be fundamental to sustain initiatives structurally undercapitalized, whose outcomes are highly variable.

Future studies may concern different aspects of the issue. The impact of these processes on a larger scale, assuming an urban perspective, represents an interesting issue in which to go into more depth, considering the contribution of bottom-up processes to broader regeneration strategies. On a micro scale, the evaluation of bottom-up value creation compared to the value generated by the traditional public procedures could broaden the choices of local and central administrations.

References

- Agenzia del Demanio (2015) Strategie e strumenti per la valorizzazione del patrimonio pubblico. Available at this website http://www.agenziademanio.it/export/download/demanio/agenzia/EPAS_Strategie-e-strumenti-per-la-valorizzazione-del-patrimonio-immobiliare-pubblico.pdf. Last Accessed 15 Jan 2016
- ANCE (2015) Osservatorio congiunturale sull'industria delle costruzioni – Dicembre 2015. Available at this website <http://www.ance.it/search/SearchTag.aspx?tag=scenari&id=48&pcid=30&pid=27&docId=23138>. Last Accessed 22 Mar 2016
- Andersson L (2009) «Urban experiments and concrete utopias, platform4 a 'bottom-up' approach to the experience city». In: Hans K (ed) Architecture and stages in the experience city, paper for the conference "architecture and stages in the experience city", Haalborg, 4–5 Sept, pp 84–95. Doi:[10.1177/0042098012455719](https://doi.org/10.1177/0042098012455719)
- Andres L (2013) Differential spaces, power hierarchy and collaborative planning: a critique of the role of temporary uses in shaping and making places. *Urban Stud* 50:759–775. Doi:[10.1177/0042098012455719](https://doi.org/10.1177/0042098012455719)
- Antoniucci V, Marella G (2014) «Torri incompiute: i costi di produzione della rigenerazione urbana in contesti ad alta densità». *Ital J Reg Sci-Scienze Regionali* 13:117–124. Doi:[10.3280/SCRE2014-003007](https://doi.org/10.3280/SCRE2014-003007)
- Arena G, Iaione C (2012) *L'Italia dei beni comuni*. Carocci, Roma
- Branca D (2011) «Spazi temporanei come palestra per una filiera di associazioni e piccole imprese». *Territorio* 56:79–81

- Camagni R, Micelli E, Moroni S (2014) «Diritti edificatori e governo del territorio: verso una perequazione urbanistica estesa? Introduzione». *Ital J Reg Sci-Scienze Regionali* 13(2):5–8. Doi:[10.3280/SCRE2014-002001](https://doi.org/10.3280/SCRE2014-002001)
- Campagnoli G (2015) *Riusiamo l'Italia da spazi vuoti a start up culturali e sociali*. Il Sole 24 Ore Libri, Milano
- Colomb C (2012) «Pushing the urban frontier: temporary use of space, city marketing and the creative city discourse in 2000s Berlin». *J Urban Aff* 34:131–152. Doi:[10.1111/j.1467-9906.2012.00607.x](https://doi.org/10.1111/j.1467-9906.2012.00607.x)
- Crosta P (2011) «Riuso temporaneo come pratica che apprende la cittadinanza?». *Territorio* 56:82–83. Doi:[10.3280/TR2011-056011](https://doi.org/10.3280/TR2011-056011)
- D'Alpaos C, Marella G (2014) «Urban planning and option values». *Appl Math Sci* 8:157–160. Doi:[10.12988/ams.2014.49744](https://doi.org/10.12988/ams.2014.49744)
- Drake G (2003) «This place gives me place: place and creativity in the creative industries». *Geoforum* 34:511–524. Doi:[10.1016/S0016-7185\(03\)00029-0](https://doi.org/10.1016/S0016-7185(03)00029-0)
- Fabrizi C, Pico R, Casolaro L, Graziano M, Manzoli E, Soncin S, Esposito E, Saporito G, Sodano T (eds) (2015) «Mercato immobiliare, imprese della filiera e credito: una valutazione degli effetti della lunga recessione». *Questioni di Economia e Finanza-Banca d'Italia* 263:1–57
- Finan S (2014) *Transient places: the public benefits of short term artist-led spaces*. *IJAMCP-Ir J Arts Manage Cult Policy* 2:2–11
- Fusco Girard L (2011) «Multidimensional evaluation processes to manage creative, resilient and sustainable city». *Aestimium* 59:123–133. Doi:<http://dx.doi.org/10.13128/Aestimium-10464>
- Inti I (2011) «Cos'è il riuso temporaneo?». *Territorio* 56:14–17. Doi:[10.3280/TR2011-056002](https://doi.org/10.3280/TR2011-056002)
- Inti I, Cantaluppi G, Persichino M (2014) *Manuale per il riuso temporaneo di spazi in abbandono*. Altreconomia, Milano (In Italia)
- Inti I, Inguaggiato V (2011) «Riuso temporaneo». *Territorio* 56:14–1
- Louekary M (2006) «The creative potential of Berlin: creating alternative models of social, economic and cultural organization in the form of network forming and open-source communities». *Plan, Pract Res* 21(4):463–481
- Moroni S (2015) «Beni di nessuno, beni di alcuni, beni di tutti: oltre l'incerto paradigma dei beni comuni». *Ital J Reg Sci-Scienze Regionali* 3:137–144. Doi:[10.3280/SCRE2015-003008](https://doi.org/10.3280/SCRE2015-003008)
- Németh J, Langhorst J (2014) «Rethinking urban transformation: temporary uses for vacant land». *Cities* 40:143–150. Doi:[10.1016/j.cities.2013.04.007](https://doi.org/10.1016/j.cities.2013.04.007)
- Putnam R, Leonardi R, Nanetti RY (1993) *Making democracy work. Civic tradition in modern Italy*, Princeton University Press. Trad. it. *La Tradizione civica nelle regioni italiane*, Mondadori, Milano
- Rietveld Landscape (2010) «Curatorial statement», brochure of the Dutch Pavillon, XII Mostra Internazionale di Architettura People meet in architecture, Venezia
- Sdino L, Castagnino P (eds) (2014) *Il capitale sociale una risorsa per la crescita economica*. Universitas Studiorum, Mantova
- Studio Urban Catalyst (2003) «Urban catalyst, strategies for temporary uses—potential for development of urban residual areas in European metropolises». Available at this website http://www.template.com/think-pool/one786f.html?think_id=4272. Last Accessed 23 Jan 2016
- Van Stein S (2010) «Temporality at use, in vacant NL. Where architecture meets ideas», brochure of the Dutch Pavilion, XII Mostra Internazionale di Architettura